



Committee On Finance

Max Baucus, Ranking Member

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Prepared Statement of U.S. Senator Max Baucus (D-Mont.) Hearing on the U.S.-Oman Free Trade Agreement

In 1833, an enterprising merchant named Edmund Roberts piloted the U.S. war ship *Peacock* to the Port of Muscat, the capital of today's Oman. Roberts bore a letter from President Andrew Jackson to the Sultan Said. Three days later, Roberts and the Sultan signed a Treaty of Amity and Commerce. The United States Congress ratified it the following year.

The treaty was a first for our young nation and part of a larger vision. Roberts also traveled to Siam – today's Thailand – and Cochin China – today's Vietnam – to initiate broader commercial ties that would serve as a basis for engagement with the entire region. At the same time, America was building a merchant fleet to seize the opportunities that these new ties promised.

Today, nearly two centuries later, we begin consideration of another trade agreement with the Sultanate of Oman. Then as now, this agreement is part of a bolder vision of embracing the Middle East in the prosperity of open and fair trade and investment. This vision includes Oman, but also builds on our successful relations with Jordan, Morocco, and Bahrain, and the trade agreements that we have reached with them.

Each trade agreement – including the one before us today – must stand on its own merits. But Congress is called upon to review this FTA in a rapidly deteriorating climate on international trade.

Even in ideal times, trade agreements are not popular. But today – with a record trade deficit, deep insecurity about the relationship between trade and job losses, memories of a very difficult vote on CAFTA, and frustration with how the administration has used Trade Promotion Authority since 2002 – free trade agreements engender even more concern for my colleagues and, more importantly, for their constituents. It is no longer a given that most Members of Congress will reflexively support these agreements, irrespective of their small size and consequent inability to affect the U.S. economy in any meaningful way.

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As the President's trade promotion authority approaches expiration mid-next year, I believe that we are standing at the threshold of a difficult era for trade agreements in the Congress.

It is unfortunate that this free trade agreement may get caught up in this important reassessment. On its merits, this agreement has much to offer. On the first day of enactment, one hundred percent of bilateral trade in industrial and consumer products will become free of duties. The remainder of our trade will be duty-free within ten years, opening the growing Omani market for manufactured goods, including industrial equipment for the energy sector, medical devices, and appliances. Oman's agriculture market will also open to U.S. exports like frozen beef, frozen chicken parts, and snack foods.

In this agreement, Oman recognizes the importance of trade in services by opening the Omani market beyond its WTO commitments. Oman would lift equity limits, and other hurdles to services trade will be lifted.

Oman has also pledged to protect innovation through vigorous intellectual property laws, including copyrights for sound and audiovisual records, protection of satellite programming, and the transmission of proprietary information over the Internet. Already the least corrupt country in the Arab world, Oman has promised to remain vigilant against corruption and bribery. Oman has also assured the United States that it has no intention of enforcing boycotts of any kind against Israel.

Oman has shown a willingness to reform its labor laws to better serve its workers. I think that it still has a ways to go. But Oman is working with the United States and with the International Labor Organization to continue to give workers a voice in the workplace and a stake in the future of its economy. I hope that the Omanis will view labor market reforms not as a burden, but as an opportunity to serve as an example to their neighbors, to prove their critics wrong, and to offer all of their workers a share in their country's prosperity.

As we consider this agreement, we must also remember that simply signing and implementing agreements is not enough. We must also innovate to create products and services that foreign markets will demand. And we must educate our workforce to produce them. We must work to enforce this and all international trade agreements to back up our companies and workers engaged in the world's markets. We must create an economy that inspires Americans and our friends around the world, by improving our health care, education, energy use, and national savings. In short, we must improve the long-term competitiveness of our economy.

We have a great deal of work to do in that regard. I look forward to working with Ambassador Portman, the administration, and my colleagues in the Congress to improve the competitiveness of the U.S. economy.

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